Proposal to permit entry of private banks

1264. SHRI KAMAL MORARKA : Will the Minister of FINANCE be pleased to state :

(a) whether there is any proposal under Government's consideration to permit the entry of new private banks;

(b) if so, by when a decision is likely to be taken in the matter;

(c) whether any criteria for new private banks has been fixed;

(d) if so, what are the details thereof;

(e) the number of proposals received in this regard alongwith the details thereof; and

(f) what is the number of banks that are expected to be set up ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DAL-BIR SINGH) : (a) to (d) The Indian Banking Sector includes several private sector banks and Government has consistently taken the view that these banks have an important role to play. There has been no bar on the entry of new private sector banks though it is true that no new banks have entered for several years. The policy towards the banking system has been reviewed in the light of the recommendations of the Narsimham Committee. The Committee has recommended that new private sector banks should be allowed to enter provided they are able to meet transparent prudential norms including those relating to capital adequacy. The Government has accepted this recommendation and has decided that new private sector banks will be allowed entry into the financial sector subject to their fulfilling comprehensive and transparent requirements on which guidelines will be issued by the Reserve Bank of India.

(e) Reserve Bank of India have reported that they received *59* enquiries/proposals including those from individuals seeking permission/applying for licences for private sector banks.

(f) Since, RBI are yet to issue the guidelines, it is not possible to indicate at this stage the number of banks that are expected to be set up in the private sector.

Response under open invitation to Foreign Investors

1265. SHRI KAMAL MORARKA : Will the Minister of FINANCE be pleased to state :

(a) whether Government's open invitation to foreign investors has yielded any tangible results;

(b) whether it is fact that foreign investment is not flowing upto the expected levels;

(c) if so, what was the total foreign investment Government had expected and what is the net inflow of foreign investment so far;

(d) whether Government have analysed the weaknesses in the policy and propose any modifications; and

(e) what are the details of the steps being taken in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHAWAR THAKUR) : (a) to (c) Measures taken by the Government to attract foreign investment into the country have yielded encouraging response as would be reflected from the following comparisons :—

Total amount of foreign equity approvals

	(Rs. billions)
1990-91 Auguset-July)	1.6
1991-92 (August—July)	19.5
1991 (August—October)	1.4
1992 (August—October)	17.2

(d) and (e) Policy relating to foreign investment is analysed on a continuous basis to meet emerging situation in the domestic economy and perceptions of foreign investors.

Gupta Committee Report on Rural Banks

1266. SHRI KAMAL MORARKA : Will the Minister of FINANCE be pleased to state :

(a) what are the main recommendations of the Gupta Committee appointed on Rural Banks by NABARD;